



## **System Audit Report**

**December 31, 2006**

**Fiondella, Milone & LaSaracina LLP  
300 Winding Brook Drive  
Glastonbury, CT 06033**

**We are providing Management's assertions in connection with your examination of RNK Holding Company and Subsidiary d.b.a. RNK Communications (the Company) compliance with the requirements of section 64.1310(a) of the Federal Communications Commission's (hereinafter Commission or FCC) rules, implementing certain provisions of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 (the Act), as issued in CC Docket No. 96-128, for the purpose of expressing an opinion on management's assertions as to whether the Company has complied with the requirements of the Act.**

**We confirm that as of the report date, to the best of our knowledge and belief, the Company is in compliance with the requirements in establishing a call tracking system pursuant to section 64.1310(a)(1) of the FCC's rules. Management's assertions on each of the requirements are disclosed below:**

- 1.) Assess the Company's procedures and/or systems to ensure that they accurately track calls to completion:**

### **Management's Assertion**

**It is the management's assertion that its procedures and systems correctly and accurately track all calls completed on its network.**

**The Company tracks and monitors all inbound toll free and calling card type calls, for which compensation could be due to a payphone provider, through the compilation of call detail records (CDRs) from two data sources: a Siemens EWSD class 5 switch for inbound toll-free subscriber calls (direct to end user customer location), and a Siemens FFP calling card platform for inbound toll free calling card calls (call terminates at platform).**



The CDRs collected contain the following key information:

1. Call origination number;
2. Call date and time data;
3. Call length;
4. Call termination number (toll-free);
5. CIC code of the transmitting carrier;
6. Compensable payphone call indicator

The Company collects data from these sources and combines them into a single file to be remitted to Billing Concepts, Inc. (Clearinghouse or Billing Concepts) for third-party clearinghouse compensation to the payphone provider.

- 2.) Assess whether the Company has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls:

**Management's Assertion**

It is Management's assertion that it has persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.

The Company has specific staff assigned to each of the tasks listed. The Company's CDR tracking and dispute resolution is handled by its IT Department, Finance, and/or Regulatory Affairs Department. The staff members assigned are responsible for the assurance of data integrity.

The staff members of the Company's Finance, IT, and Regulatory Affairs Departments are the knowledgeable and capable individuals to properly handle the responsibilities required.

Payphone compensation responsibility is shared between the Company's Regulatory Affairs, IT, and Finance departments. Regulatory Affairs determines the legal obligations surrounding payphone compensation. IT compiles the raw data and submits it to the clearinghouse. The Finance department confirms that IT has adhered to the appropriate internal processes that have been developed by it (and Regulatory Affairs) to ensure compliance with FCC Rules (as described in these assertions), and that payment is made to the Clearinghouse in such a fashion that allows PSPs to be compensated in a timely fashion.

The Company's payphone compensation dispute resolution is directed by its Finance Department. The Company asserts that the individuals assigned within this department are the knowledgeable and capable individuals to properly handle the responsibilities required.



- 3.) Assess whether the Company has effective data monitoring procedures.

**Management's Assertion**

It is Management's assertion that the Company has effective data monitoring procedures. All data is systematically retrieved, and updated in predetermined regular intervals. Total minutes are reconciled at these regular intervals. Billing Concepts will ensure by its own internal processes that it invoices all compensable PSP calls provided to it by RNK. The Company's Finance department will review and confirm that the data provided to Billing Concepts has been properly invoiced by Billing Concepts.

- 4.) Assess whether the Company adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its ability to accurately calculate its payphone call tracking ability:

**Management's Assertion**

It is management's assertion that the Company adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its ability to accurately calculate its payphone call tracking ability.

The Company has sufficient controls and procedures to ensure that the system is stable and reliable regardless of any system modifications. The files and systems utilized for this process are the same core data systems utilized by the Company to derive all performance measurement items.

- 5.) Assess whether the Company has created a compensable payphone call file or system by matching call detail records against payphone identifiers:

**Management's Assertion**

It is Management's assertion that the Company has created a compensable payphone call file or system by matching call detail records against payphone identifiers.

The Company's payphone compensation system has been created to ensure that all CDR records are systematically matched against all payphone provider information it receives.

The Company's payphone compensation system will accurately and effectively identify and process all potential pay phone calls, provided the PSPs provide their identifying Calling Party Number (CPN) within the FCC prescribed file format.



- 6.) Assess whether the Company has procedures to incorporate call data into required reports:

**Management's Assertion**

It is Management's assertion that the Company has procedures to incorporate call data into the required reports.

The Company's payphone compensation system has been designed to support all required and contemplated reporting requirements set out within FCC Order No. 03-235. The Company's system is also scalable with regard to meeting future reporting requirements so long as they are based upon industry standard and readily available CDR information.

- 7.) Assess whether the Company has implemented procedures and controls to resolve payphone compensation disputes:

**Management Assertion**

It is Management's assertion that Billing Concepts will be the initial point of contact with the payphone providers to handle any payphone compensation disputes. Billing Concepts will contact the Company on a regular basis to make them aware of any and all disputes.

The Company will take a conservative approach to the dispute process. Disputes that cannot be handled by Billing Concepts or require escalation will be processed through the Company's Finance Department on a timely basis. This group will bring all disputes to the attention of specific managers within the Company's Regulatory Department if required.

The Company's specific business rules, processes and systems have been developed and are currently within the deployment phase. Any recorded disputes requiring the Company's direct involvement will then be channeled through the organization with a process to ensure timely and adequate resolution.

- 8.) Assess whether the independent auditor can test all critical controls and procedures to verify that errors are insubstantial.

**Management's Assertion**

It is Management's assertion that the independent third party auditor was able to test all critical internal controls and procedures to verify that errors are insubstantial. The auditor was unable to test the controls that RNK will be relying on at Billing Concepts, Inc., specifically related to Billing Concepts, Inc.'s ability to determine the identities of the payphone service providers to which the Company owes compensation. However, management has obtained and provided to the independent auditor the BCI Report on "Controls Placed in Operation for the Dial Around Compensation Services Application,"



for the period April 1, 2005 to March 31, 2006 (Exhibit A attached), along with an independent audit opinion that their controls were suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily.

- 9.) Assess whether the Company has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise noncompensable calls; and (iv) determine the identities of the payphone service providers to which the Company owes compensation.

**Management's Assertion**

It is Management's assertion that the Company has created a compensable payphone call file or system by matching call detail records against payphone identifiers.

The Company's payphone compensation system has been created to ensure that all CDR records are systematically matched against all payphone provider information for which it receives. Billing Concepts will determine the identities of the payphone service providers to which the Company owes compensation.

Sincerely,

A handwritten signature in black ink, appearing to read "John Skinner", written over a horizontal line.

John Skinner  
Vice President, Finance  
RNK, Inc.  
333 Elm Street  
Dedham, MA 02026



May 18, 2007

Fiondella, Milone & LaSaracina LLP  
300 Winding Brook Drive  
Glastonbury, CT 06033

We are providing this letter in connection with your examination of RNK Holding Company and Subsidiary d.b.a. RNK Communications (the Company) compliance with the requirements of section 64.1310(a) (1) of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 (the Act) [Docket No. 96-128], for the purpose of expressing an opinion on management's assertions as to whether the Company has complied with the requirements of the Act. We confirm that we are responsible for the Company's compliance with the Act and for filing the independent accountants report with the Secretary of the Commission of the Federal Communications Commission, each payphone service provider for which we complete calls, and with each facility-based long distance carrier from which we receive payphone calls and with Billing Concepts, Inc., the third-party clearinghouse used to reimburse payphone providers.

We confirm, to the best of our knowledge and belief, as of May 18, 2007, the following representations made to you during your examination:

- I. We are responsible for complying with the factors in establishing a call tracking system pursuant to section 64.1310(a) (1). We confirm to the best of our knowledge that:
  - (A) The Company's procedures accurately track calls to completion;
  - (B) The Company has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls;
  - (C) The Company has effective data monitoring procedures;
  - (D) The Company adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability;
  - (E) The Company has created a compensable payphone call file by matching call detail records against payphone identifiers;
  - (F) The Company has procedures to incorporate call data into required reports;
  - (G) The Company has procedures and controls in place needed to resolve payphone compensation disputes;
  - (H) The Company has made available information necessary to test all critical controls and procedures to verify that errors are insubstantial; and
  - (I) The Company has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise noncompensable calls; and (iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.



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May 18, 2007

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2. We have established and maintained effective internal control over compliance.
3. We have performed an evaluation of the entity's controls for ensuring compliance and detecting noncompliance with requirements.
4. We have complied with the established criteria of the Act.
5. We have no knowledge of any instances of noncompliance.
6. We have made you aware of all material or immaterial disputes prior to and subsequent to year end, and are taking appropriate measures to appropriately resolve any disputes that arise in a timely manner.
7. We have made available all documentation related to compliance with the specified requirements of the Act.
8. There have been no communications from regulatory agencies and other practitioners concerning possible noncompliance with the specified requirements.
9. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
10. We have no knowledge of any fraud or suspected fraud affecting the company involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the compliance with the Act.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the company through communications from employees, former employees, regulators, or others.
12. We have provided you with all data files received from the clearinghouses and payphone service providers for your examination. We understand that the information provided to you may not constitute the total population of payphone service providers.
13. We understand that we are responsible for filing the system audit report with the FCC and all other required parties. We understand that we are responsible for any fines or penalties that may be levied by the FCC for not filing the system audit report by the June 30, 2007 deadline.

Very truly yours,

  
John Skinner  
Vice President Finance

  
Joy Tessier  
Executive Vice President

  
Richard Koch  
President and CEO